

BUENA VISTA SCHOOL DISTRICT



"I Make A Difference"

SAGINAW, MICHIGAN

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2008



REHMANN ROBSON

Certified Public Accountants

BUENA VISTA SCHOOL DISTRICT

JUNE 30, 2008

ADMINISTRATION

SUPERINTENDENT

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BUSINESS AND FINANCE

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BUENA VISTA SCHOOL DISTRICT

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REHMANN ROBSON

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

October 30, 2008

To the Board of Education
Buena Vista School District
Saginaw, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the ***Buena Vista School District***, as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the ***Buena Vista School District***, as of June 30, 2008, and the respective changes in financial position thereof and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a separate report dated October 30, 2008, on our consideration of the ***Buena Vista School District's*** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3-10 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise ***Buena Vista School District's*** basic financial statements. The combining and individual fund financial statements and schedules and the schedule of outstanding bonded indebtedness listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style with a large initial 'L'.

MANAGEMENT'S DISCUSSION and ANALYSIS



BUENA VISTA SCHOOL DISTRICT

"I Make A Difference"

Administration's Discussion and Analysis For Fiscal Year Ended June 30, 2008

Buena Vista School District, a K-12 school District located in Saginaw County, Michigan complies with the provisions of GASB 34 (Governmental Accounting Standards Board Statement 34) with the enclosed financial statements. The Administration's Discussion and Analysis, a requirement of GASB 34, is intended to be Buena Vista School Administration's discussion and analysis of the financial results for the fiscal year ended June 30, 2008.

Generally accepted accounting principles (GAAP) according to GASB 34 requires the reporting of two types of financial statements: District Wide Financial Statements and Fund Financial Statements.

Fund Financial Statements

The fund level financial statements report only those assets that are "measurable" and "currently available". Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." In the State of Michigan, the District's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in their relevant funds including: Debt Funds, Building and Site Funds and the School Service Funds which are comprised of: Food Service, and Athletics.

In the fund financial statements, capital assets purchased by cash are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

District Wide Financial Statements:

The District wide financial statements are full accrual basis statements. They report all of the District's assets and liabilities, both short and long term, regardless if they are "currently available" or not. For example, assets that are restricted for use in the Debt Funds solely for the payment of long term principal or interest are grouped with unrestricted assets of the General Fund. Capital assets and long-term obligations of the District are reported in the Statement of Net Assets of the District wide financial statements.



BUENA VISTA SCHOOL DISTRICT

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Administration's Discussion and Analysis For Fiscal Year Ended June 30, 2008

Summary of Net Assets:

The following summarizes the net assets at fiscal year ended June 30, 2008 and 2007:

NET ASSETS SUMMARY

	<u>2008</u>	<u>2007</u>
Assets		
Current assets	<u>7,340,880</u>	<u>\$7,356,802</u>
Capital assets	18,578,642	18,083,981
Less: accumulated depreciation	<u>(10,130,774)</u>	<u>(9,646,812)</u>
Capital assets, net book value	<u>8,447,868</u>	<u>8,437,169</u>
Total assets	<u>15,788,748</u>	<u>15,793,971</u>
Liabilities		
Current liabilities	3,928,203	4,184,822
Long term liabilities	<u>7,426,292</u>	<u>7,943,412</u>
Total liabilities	<u>11,354,495</u>	<u>12,128,234</u>
Net assets		
Invested in capital assets, net of related debt	1,049,288	2,928,302
Restricted for Debt service	472,996	306,077
Restricted for Capital Projects	2,112,587	111,916
Unrestricted	<u>799,382</u>	<u>319,442</u>
Total net assets	<u>\$4,434,253</u>	<u>\$3,665,737</u>

Analysis of Financial Position:

During fiscal year ended June 30, 2008, the District's net assets increased by \$539,936. A few of the significant factors affecting net assets during the year are discussed below:

Net Investment in Capital Assets

The District's net investment in capital assets increased by \$10,699 during the fiscal year. This can be summarized as follows:



BUENA VISTA SCHOOL DISTRICT

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Administration's Discussion and Analysis For Fiscal Year Ended June 30, 2008

	Balance June 30, 2007	Additions	Decrease	Balance June 30, 2008
Capital assets	\$ 18,083,981	\$ 404,661	\$ -	\$ 18,488,642
Less: accumulated depreciation	<u>(9,646,812)</u>	<u>(393,962)</u>	<u>-</u>	<u>(10,040,774)</u>
Net investment capital outlay	<u>\$ 8,437,169</u>	<u>\$ 10,699</u>	<u>\$ -</u>	<u>\$ 8,447,868</u>

Results of Operations:

For the fiscal year ended June 30, 2008 and 2007, the District Wide results of operations were:

	2008	2007
Revenues		
General revenues		
Property taxes levied for general operations	\$ 2,880,670	\$ 2,855,721
Property taxes levied for debt service	1,282,106	1,260,780
State of Michigan unrestricted foundation aid	4,923,951	5,446,735
Interest and investment earnings	196,265	270,200
Other general revenues	<u>-</u>	<u>26,204</u>
Total general revenues	<u>9,282,992</u>	<u>9,859,640</u>
Operating grants		
Federal	2,141,884	2,879,799
State of Michigan	2,087,406	2,285,400
Other operating grants	<u>116,683</u>	<u>283,322</u>
Total operating grants	<u>4,345,973</u>	<u>5,448,521</u>
Charges for services		
Food service	86,574	62,069
Other charges for services	<u>558,729</u>	<u>274,891</u>
Total charges for services	<u>645,303</u>	<u>336,960</u>
Total revenues	<u>14,274,268</u>	<u>15,645,121</u>



BUENA VISTA SCHOOL DISTRICT

"I Make A Difference"

Administration's Discussion and Analysis For Fiscal Year Ended June 30, 2008

	<u>2008</u>	<u>2007</u>
Expenses		
Instruction and instructional support	\$ 6,838,398	\$ 7,323,010
Support services	5,682,539	6,459,404
Food service	512,434	552,915
Athletics	161,278	180,378
Community Service	285,014	62,264
Interest on long-term debt	<u>254,669</u>	<u>332,154</u>
Total expenses	<u>13,734,332</u>	<u>14,910,125</u>
Change in net assets	539,936	734,996
Beginning net assets, as restated	<u>3,894,317</u>	<u>2,930,741</u>
Ending net assets	<u>\$ 4,434,253</u>	<u>\$ 3,665,737</u>

The School District's Funds

As the School District completed this year, the governmental funds reported a combined fund balance of \$3,179,397 which is a decrease of \$395,052 from last year. The primary reasons for the decrease are:

- In the General Fund, the principal operating fund, the fund balance decreased by \$315,410. The decrease is a result of unfavorable budget variances.
- The Capital Projects fund decreased by \$238,869 as a result of various renovation projects.
- The Debt Service Funds showed an increase of \$166,919. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond-issue related debt service. The fund balance of the Debt Service is reserved since it can only be used for future debt service obligations.
- The Athletics Fund had no ending fund balance as their expenditures are subsidized by General Fund revenues.
- The Food Service Fund had no ending balance as the fund reimburses the general fund for indirect/overhead costs.



BUENA VISTA SCHOOL DISTRICT

"I Make A Difference"

Administration's Discussion and Analysis For Fiscal Year Ended June 30, 2008

1. State Of Michigan Unrestricted Aid (Net State Foundation Grant)

The State of Michigan aid, unrestricted, is determined by the following variables:

- a. State of Michigan State Aid Act per student foundation allowance
- b. Student Enrollment – Blended at 75 of current year fall count and 25 percent of prior year winter count
- c. The District's non-homestead levy

Per Student, Foundation Allowance:

Annually, the State of Michigan sets the per student foundation allowance. The Buena Vista School District's foundation allowance was \$8,160 per student for the 2007-2008 school year. This was an increase of \$75 or .9% over 2006-2007.

Student Enrollment:

The District's student enrollment for the fall count of 2007-2008, was 972 students. The District's enrollment decreased from the prior school year's student count. The following summarizes fall student enrollments in the past five years:

	<u>Student FTE</u>	<u>FTE Change from Prior Year</u>
2007-2008	972	(116)
2006-2007	1,088	(26)
2005-2006	1,113	(138)
2004-2005	1,252	(26)
2003-2004	1,278	(49)

2. Property Taxes levied for General Operations (General Fund Non-Homestead Taxes)

The District levies 18 mills of property taxes for operations (General Fund) on Non-Homestead Properties. Under Michigan law, the taxable levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase or 5 percent, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50 percent of the market value.

The District's non-homestead property levy for the 2007-2008 fiscal year was \$2,891,756. The non-homestead tax levy increased by .7% over the prior year.



BUENA VISTA SCHOOL DISTRICT

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Administration's Discussion and Analysis For Fiscal Year Ended June 30, 2008

The following summarizes the District's non-homestead levy the past five years:

<u>FISCAL YEAR</u>	<u>Non-Homestead Tax Levy</u>	<u>% Increase(decrease) From Prior Year</u>
2007-2008	\$2,891,756	.7%
2006-2007	2,871,247	2.23%
2005-2006	2,806,909	(1.04%)
2004-2005	2,846,309	(3.12%)
2003-2004	2,937,971	(3.99%)

3. Debt Fund Property and Industrial Facility In Lieu of Taxes

The District's debt fund levy, which is used to pay the principal and interest on bond obligations, is based on the taxable valuation of all properties: homestead and non-homestead. In addition, the District collects IFT (Industrial Facilities Taxes) In Lieu of Taxes that are essentially taxed at 50 percent of the regular tax rate. For the 2007-2008, the District levied 5.45 Mills for Debt obligations.

4. Food Sales to Students & Adults (School Lunch Program)

The District's food and milk sales increased during the 2007-8 school year as a result of phasing in Universal lunch and breakfast programs.

General Fund Budget and Actual Revenues & Expenditures 5 Year History:

Expenditures:

	<u>EXPENDITURES Final Budget</u>	<u>EXPENDITURES Final Audit</u>	<u>EXPENDITURES Variance Audit & Final Budget</u>
2003-2004	\$ 16,073,398	\$ 14,673,539	9.54%
2004-2005	14,732,150	14,471,240	1.80%
2005-2006	13,955,820	13,417,458	3.86%
2006-2007	13,990,828	13,315,667	4.82%
2007-2008	11,898,800	12,529,512	5.30%



BUENA VISTA SCHOOL DISTRICT

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Administration's Discussion and Analysis For Fiscal Year Ended June 30, 2008

Revenues:

	REVENUES Final <u>Budget</u>	REVENUES Final <u>Audit</u>	REVENUES Variance Audit & <u>Final Budget</u>
2003-2004	\$ 14,677,078	\$ 14,328,376	(2.43%)
2004-2005	14,110,350	14,254,113	1.01%
2005-2006	13,311,671	13,283,246	(.02)%
2006-2007	13,808,350	13,726,144	(.01)%
2007-2008	12,177,000	12,365,114	1.54%

Original vs. Final Budget

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year.

Buena Vista School District typically amends its budget during the school year. The April 2008 budget amendment was the final budget for the fiscal year.

General Fund Change from Original to Final Budget:

		<u>Percent</u>
Total revenues original budget	\$ 13,320,095	100.00%
Total revenues final budget	<u>12,177,000</u>	<u>91.42%</u>
Decrease in budgeted revenues	<u>\$ (1,143,095)</u>	<u>-8.58%</u>
Total expenditures original budget	\$ 13,574,975	100.00%
Total expenditures final budget	<u>12,116,600</u>	<u>89.26%</u>
Decrease in budgeted expenditures	<u>\$ (1,458,375)</u>	<u>-10.74%</u>

Changes to the budget of both revenues and expenditures reflect lower levels of funding in areas such as state aid and changes in programs such as the At Risk and Delphi Skill Center.



BUENA VISTA SCHOOL DISTRICT

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Administration's Discussion and Analysis For Fiscal Year Ended June 30, 2008

District Fund Balance

Buena Vista School District's 5-year general fund balance history is shown below. Current fund balance is well below the percentage recommended by the accounting and auditing professions, the average percentage of peer districts (1,000 – 1,500 students), and the average state-wide percentages. A gradual increase in fund balance of one percentage point per year will be targeted. Economic trends in Michigan continue to result in budget difficulties at the State level. Uncertain student foundation funding levels from year to year require that schools retain a sufficient fund balance in order to continue planning and conducting programs in an orderly manner even while awaiting decisions as to funding levels.

<u>Year</u>	<u>Fund Balance (General Fund Only)</u>	<u>Percentage of Expenditures</u>
2003/2004	\$ 1,059,015	7.2%
2004/2005	841,888	5.8%
2005/2006	707,676	5.4%
2006/2007	909,224	6.8%
2007/2008	593,814	4.7%

Contacting the District's Financial Management

This financial report is designed to provide the communities citizens and taxpayers with a general overview of the District's finances. If you have questions about this report or need additional information, please contact Buena Vista School District's Executive Director of Business and Finance at 705 N. Towerline Road, Saginaw, Michigan 48601-9466.

BUENA VISTA SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Buena Vista School District
Statement of Net Assets
June 30, 2008

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 1,058,989
Taxes receivable	81,261
Accounts receivable	313,698
Due from other governmental units	1,670,281
Interest receivable	2,835
Inventory	15,415
Investments	3,969,841
Prepaid items	78,215
Other assets	150,345
Capital assets not being depreciated	325,877
Capital assets being depreciated, net	8,121,991
Total assets	15,788,748
Liabilities	
Accounts payable	199,249
State aid anticipation note payable	2,000,000
Payroll deductions and withholdings	286,041
Accrued expenses	475,883
Accrued salaries payable	689,033
Unearned revenue	277,997
Long-term debt:	
Due within one year	1,023,287
Due in more than one year	6,403,005
Total liabilities	11,354,495
Net assets	
Invested in capital assets, net of related debt	1,049,288
Restricted for:	
Debt service	472,996
Capital projects	2,112,587
Unrestricted	799,382
Total net assets	\$ 4,434,253

The accompanying notes are an integral part of these financial statements.

Buena Vista School District
Statement of Activities
For the Year Ended June 30, 2008

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				
Instruction	\$ 6,838,398	\$ 545,771	\$ 3,910,648	\$ (2,381,979)
Supporting services	5,682,539	-	-	(5,682,539)
Food service	512,434	86,574	435,325	9,465
Athletic activities	161,278	12,958	-	(148,320)
Community services	285,014	-	-	(285,014)
Interest on long-term deb	254,669	-	-	(254,669)
Total	<u><u>\$ 13,734,332</u></u>	<u><u>\$ 645,303</u></u>	<u><u>\$ 4,345,973</u></u>	<u><u>(8,743,056)</u></u>
General revenues:				
Property taxes, levied for general purposes				2,880,670
Property taxes, levied for debt service				1,282,106
State aid - unrestricted				4,923,951
Interest and investment earnings				<u>196,265</u>
Total general revenues				<u>9,282,992</u>
Change in net assets				539,936
Net assets, beginning of year, as restated				<u>3,894,317</u>
Net assets, end of year				<u><u>\$ 4,434,253</u></u>

The accompanying notes are an integral part of these financial statements.

Buena Vista School District
Balance Sheet
Governmental Funds
June 30, 2008

	General Fund	Debt Service	Capital Projects	Other Governmental Funds	Totals
Assets					
Cash	\$ 10,532	\$ 499,800	\$ 398,437	\$ 150,220	\$ 1,058,989
Taxes receivable	53,575	27,686	-	-	81,261
Accounts receivable	8,821	228,580	-	76,297	313,698
Due from other funds	280,241	-	49,069	2,516	331,826
Due from other governmental units	1,670,281	-	-	-	1,670,281
Interest receivable	-	-	2,835	-	2,835
Inventory	6,628	-	-	8,787	15,415
Investments	2,223,578	15,936	1,730,327	-	3,969,841
Prepaid items	78,215	-	-	-	78,215
Total assets	\$ 4,331,871	\$ 772,002	\$ 2,180,668	\$ 237,820	\$ 7,522,361
Liabilities and fund balances					
Liabilities					
Accounts payable	\$ 130,849	\$ -	\$ 68,081	\$ 319	\$ 199,249
State aid anticipation note payable	2,000,000	-	-	-	2,000,000
Due to other funds	51,585	42,740	-	237,501	331,826
Payroll deductions and withholdings	286,041	-	-	-	286,041
Accrued expenditures	248,977	-	-	-	248,977
Accrued salaries payable	689,033	-	-	-	689,033
Deferred revenue	331,572	256,266	-	-	587,838
Total liabilities	3,738,057	299,006	68,081	237,820	4,342,964
Fund balances					
Reserved for inventory	6,628	-	-	-	6,628
Reserved for prepaid items	78,215	-	-	-	78,215
Reserved for debt service	-	472,996	-	-	472,996
Reserved for capital projects	-	-	2,112,587	-	2,112,587
Unreserved:					
Undesignated	508,971	-	-	-	508,971
Total fund balances	593,814	472,996	2,112,587	-	3,179,397
Total liabilities and fund balances	\$ 4,331,871	\$ 772,002	\$ 2,180,668	\$ 237,820	\$ 7,522,361

The accompanying notes are an integral part of these financial statements.

Buena Vista School District
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets
June 30, 2008

Fund balances - total governmental funds	\$ 3,179,397
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Add: capital assets	18,578,642
Deduct: accumulated depreciation	(10,130,774)

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred revenues in the governmental funds, and thus are not included in fund balance.

Add: deferred property taxes receivable	81,261
Add: long-term receivable	228,580

Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Deduct: bonds payable	(7,398,580)
Add: unamortized bond issuance costs	150,345
Deduct: incurred but not reported benefit claims	(179,173)
Deduct: compensated absences	(27,712)
Deduct: accrued interest on bonds payable	(47,733)

Net assets of governmental activities	<u><u>\$ 4,434,253</u></u>
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The accompanying notes are an integral part of these financial statements.

Buena Vista School District
Statement of Revenue, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

	General Fund	Debt Service	Capital Projects	Other Governmental Funds	Totals
Revenue					
Local sources	\$ 3,530,515	\$ 1,302,296	\$ 92,388	\$ 102,310	\$ 5,027,509
State sources	7,119,161	-	-	12,633	7,131,794
Federal sources	1,715,438	-	-	422,692	2,138,130
Total revenue	12,365,114	1,302,296	92,388	537,635	14,297,433
Expenditures					
Instruction	6,853,702	-	-	-	6,853,702
Supporting services	5,435,735	-	-	-	5,435,735
Food services	-	-	-	510,334	510,334
Athletic activities	-	-	-	147,293	147,293
Community services	129,128	-	-	-	129,128
Capital outlay	110,947	-	369,969	-	480,916
Debt service:					
Principal	-	521,081	-	-	521,081
Interest and other expenditures	-	614,296	-	-	614,296
Total expenditures	12,529,512	1,135,377	369,969	657,627	14,563,357
Revenue over (under) expenditures	(164,398)	166,919	(277,581)	(119,992)	(265,924)
Other financing sources (uses)					
Transfers in	29,475	-	38,712	141,775	209,962
Transfers out	(180,487)	-	-	(29,475)	(209,962)
Total other financing sources (uses)	(151,012)	-	38,712	112,300	-
Net change in fund balances	(315,410)	166,919	(238,869)	(7,692)	(395,052)
Fund balance, beginning of year	909,224	306,077	2,351,456	7,692	3,574,449
Fund balance, end of year	<u>\$ 593,814</u>	<u>\$ 472,996</u>	<u>\$ 2,112,587</u>	<u>\$ -</u>	<u>\$ 3,179,397</u>

The accompanying notes are an integral part of these financial statements.

Buena Vista School District
Reconciliation of the Statement of Revenues, Expenditures
and Change in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2008

Net change in fund balances - total governmental funds \$ (395,052)

Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add: capital outlay	404,661
Deduct: depreciation expense	(393,962)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.

Deduct: current year change in long-term receivables	(23,165)
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Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Add: principal payments on long-term liabilities	521,081
Add: decrease in accrued interest payable on bonds	359,627
Deduct: amortization of bond issuance costs	(20,909)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Add: decrease in claims payable	91,616
Deduct: increase in the accrual of compensated absences	(3,961)

Change in net assets of governmental activities	<u>\$ 539,936</u>
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The accompanying notes are an integral part of these financial statements.

Buena Vista School District
Statement of Revenue, Expenditures and Changes in Fund Balance
General Fund
Budget and Actual
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Final Budget</u>
Revenue				
Local sources	\$ 3,506,817	\$ 3,403,000	\$ 3,530,515	\$ 127,515
State sources	7,493,039	7,132,000	7,119,161	(12,839)
Federal sources	2,320,239	1,642,000	1,715,438	73,438
	<u>13,320,095</u>	<u>12,177,000</u>	<u>12,365,114</u>	<u>188,114</u>
Expenditures				
Instruction:				
Basic programs	3,237,528	3,191,000	3,650,780	459,780
Added needs	3,414,586	3,230,800	3,202,922	(27,878)
Adult and continuing education	116,034	-	-	-
Supporting services:				
Pupil	744,442	656,400	616,050	(40,350)
Instructional staff	1,109,831	516,700	561,188	44,488
General administration	572,517	423,000	450,127	27,127
School administration	945,228	756,300	875,099	118,799
Business	535,827	431,100	481,086	49,986
Operations and maintenance	1,768,486	1,663,300	1,695,362	32,062
Pupil transportation services	529,948	528,600	546,916	18,316
Informational services	43,249	222,000	209,907	(12,093)
Community services	274,440	160,800	129,128	(31,672)
Capital outlay	-	118,800	110,947	(7,853)
	<u>13,292,116</u>	<u>11,898,800</u>	<u>12,529,512</u>	<u>630,712</u>
Revenue over (under) expenditures	<u>27,979</u>	<u>278,200</u>	<u>(164,398)</u>	<u>(442,598)</u>
Other financing sources (uses)				
Transfers in	-	-	29,475	29,475
Transfers out	(242,859)	(217,800)	(180,487)	37,313
	<u>(242,859)</u>	<u>(217,800)</u>	<u>(151,012)</u>	<u>66,788</u>
Net change in fund balances	(214,880)	60,400	(315,410)	(375,810)
Fund balance, beginning of year	<u>909,224</u>	<u>909,224</u>	<u>909,224</u>	<u>-</u>
Fund balance, end of year	<u>\$ 694,344</u>	<u>\$ 969,624</u>	<u>\$ 593,814</u>	<u>\$ (375,810)</u>

The accompanying notes are an integral part of these financial statements.

Buena Vista School District
Statement of Fiduciary Assets and Liabilities
June 30, 2008

	Agency Fund
Assets	
Cash and cash equivalents	\$ 30,362
Liabilities	
Accounts payable	\$ 706
Due to student groups	29,656
Total liabilities	\$ 30,362

The accompanying notes are an integral part of these financial statements.

NOTES to the FINANCIAL STATEMENTS

BUENA VISTA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

Buena Vista School District (the “District”) is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are part of the District’s reporting entity, and which organizations are legally separate component units of the District. The District has no component units.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District had no *business-type activities* during the year ended 2008.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The major individual governmental fund are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as are the fiduciary fund financial statements, except for agency funds, which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

BUENA VISTA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Governmental fund financial statements are reported using the *current financial resources measurement* focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *debt service fund* is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

The *capital projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities and improvements.

Additionally, the District reports the following fund types:

The *special revenue funds* are used to account for the proceeds of food service and athletic revenue sources.

The *agency fund* accounts for assets held for other groups and organizations and is custodial in nature.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

BUENA VISTA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

D. Assets, liabilities and equity

1. Deposits and investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the District are reported at fair value.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

3. Inventory

All inventories are valued at cost using the first-in/first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

4. Capital assets

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and additions	20-50
Site improvements	10-20
Equipment and furniture	5-10
Buses and other vehicles	5-10

BUENA VISTA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

5. *Long-term obligations*

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities statement of net assets. Where applicable, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

6. *Fund equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. *Budgetary information*

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year end, thereby canceling all encumbrances. These appropriations are reestablished at the beginning of the year.

The appropriation level adopted by the Board is the level of control authorized under the Act. The Act requires expenditures to be budgeted on a functional basis. State law requires the District to have its budget in place by July 1. A district is not considered in violation of the Act if reasonable procedures are in use by the District to detect violations.

The Superintendent is authorized to transfer budgeted amounts between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year. Individual amendments were not material in relation to the original appropriations which were amended.

BUENA VISTA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

B. Excess of expenditures over appropriations for budgetary funds

Public Act 621 of 1978, as amended, provides that a local unit shall not incur expenditures that are in excess of the amount appropriated. During the year ended June 30, 2008, the District incurred expenditures in the General Fund, which were in excess of the amounts appropriated in various activities as follows:

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
GENERAL FUND			
Basic Programs	\$3,191,000	\$ 3,650,780	\$ 459,780
Instructional staff	516,700	561,188	44,488
General administration	423,000	450,127	27,127
School administration	756,300	875,099	118,799
Business	431,100	481,086	49,986
Operations and maintenance	1,663,300	1,695,362	32,062
Pupil transportation services	528,600	546,916	18,316

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

A reconciliation of cash and investments as shown on the Statement of Net Assets and Statement of Fiduciary Net Assets follows:

Statement of Net Assets

Government-wide Financial Statement Captions:

Cash and cash equivalents	\$ 1,058,989
Investments	3,969,841

Statement of Fiduciary Net Assets

Cash and cash equivalents	<u>30,362</u>
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Total	<u>\$ 5,059,192</u>
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Notes to Financial Statements:

Deposits	<u>\$ 5,059,192</u>
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BUENA VISTA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Investment and deposit risk

Interest rate risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the following list of authorized investments. The District's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. The District's investment policy does not have specific limits in excess of state law on investment credit risk. The District has no investments for which ratings are required.

Custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. State law does not require and the District does not have a policy for deposit custodial credit risk. As of year end, \$3,660,159 of the District's bank balance of \$5,350,966 was exposed to credit risk because it was uninsured and uncollateralized.

Michigan law authorizes the District to deposit and invest in:

- a. Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State. In a primary or fourth class school district, the bonds, bills or notes shall be payable at the option of the holder upon not more than 90 days notice or, if not so payable, shall have maturity dates not more than 5 years after the purchase dates.
- b. Certificates of deposits issued by a State or national bank, savings accounts of a state or federal savings and loan association, or certificates of deposit or share certificates of a state or federal credit union organized and authorized to operate in this State.
- c. Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- d. Securities issued or guaranteed by agencies or instrumentalities of the United States, United States government or federal agency obligation repurchase agreements, and bankers' acceptance issued by a bank that is a member of the federal deposit insurance corporation.
- e. Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school district.
- f. Investment pools, as authorized by the surplus funds investment pool act, composed entirely of instruments that are legal for direct investment by a school district.

BUENA VISTA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

B. Capital assets

Capital asset activity for the year ended June 30, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 308,000	\$ -	\$ -	\$ 308,000
Construction in progress	-	17,877	-	17,877
Total capital assets not being depreciated	<u>308,000</u>	<u>17,877</u>	<u>-</u>	<u>325,877</u>
Capital assets being depreciated:				
Buildings and additions	16,390,737	386,784	-	16,777,521
Equipment and furniture	635,274	-	-	635,274
Buses and other vehicles	839,970	-	-	839,970
Total capital assets being depreciated	<u>17,865,981</u>	<u>386,784</u>	<u>-</u>	<u>18,252,765</u>
Less accumulated depreciation				
Buildings and additions	(8,724,100)	(311,948)	-	(9,036,048)
Equipment and furniture	(355,931)	(49,487)	-	(405,418)
Buses and other vehicles	(656,781)	(32,527)	-	(689,308)
Total accumulated depreciation	<u>(9,736,812)</u>	<u>(393,962)</u>	<u>-</u>	<u>(10,130,774)</u>
Total capital assets being depreciated, net	<u>8,129,169</u>	<u>(7,178)</u>	<u>-</u>	<u>8,121,991</u>
Governmental activities capital assets, net	<u>\$ 8,437,169</u>	<u>\$ 10,699</u>	<u>\$ -</u>	<u>\$ 8,447,868</u>

BUENA VISTA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Depreciation expense was charged to functions / programs of the primary government as follows:

Governmental activities:

Instruction	\$ 39,319
Supporting services	280,893
Food service	2,100
Athletic activities	13,985
Community services	<u>57,665</u>

Total depreciation expense – governmental activities **\$ 393,962**

Construction Commitments

The School had construction commitments at June 30, 2008, resulting from contracts that had been approved before year end, but for which construction had not started before year end. These projects include a mechanical heating revision at Buena Vista High School in the amount of \$28,000 approved on December 13, 2007, fascia revision in the amount of \$39,600 approved on December 13, 2007, restroom renovations at Buena Vista High School, Ricker Middle School and Doerr Elementary for a total of \$60,500 approved on December 13, 2007, and the purchase of two buses for \$156,270 approved on April 10, 2008.

C. Interfund receivables, payables and transfers

At June 30, 2008, interfund receivables and payables in the fund financial statements consisted of the following:

Due To	Due From			Total
	General Fund	Capital Projects Fund	Nonmajor Funds	
General fund	\$ -	\$ 49,069	\$ 2,516	\$ 51,585
Nonmajor funds	<u>280,241</u>	<u>-</u>	<u>-</u>	<u>280,241</u>
Total	<u>\$ 280,241</u>	<u>\$ 49,069</u>	<u>\$ 2,516</u>	<u>\$ 331,826</u>

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

BUENA VISTA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Interfund transfers were made during the year between the General Fund and the Capital Projects Fund, Food Service Fund and the Athletic Fund totaling \$209,962. The transfer to the Capital Projects Fund was the annual Durant amount used for capital expenditures. The other transfers were made to cover costs of the District's programs that were in excess of revenues generated from those activities.

D. Long-term debt

The District issues bonds, notes and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the District. Other long-term obligations include compensated absences, claims and judgments, termination benefits and certain risk liabilities.

Long-term obligation activity is summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
General obligation bonds	\$ 7,691,081	\$ -	\$ (521,081)	\$ 7,170,000	\$ 885,000
Durant Bonds	228,580	-	-	228,580	131,650
Compensated absences	<u>23,751</u>	<u>6,637</u>	<u>(2,676)</u>	<u>27,712</u>	<u>6,637</u>
	<u>\$ 7,943,412</u>	<u>\$ 6,637</u>	<u>\$ (523,757)</u>	<u>\$ 7,426,292</u>	<u>\$1,023,287</u>

General obligation bonds payable at year end, consists of the following:

\$5,870,000 refunding bond due in annual installments of	
\$100,000 to \$755,000 through May 1, 2015, interest at 2% to 3.6%	\$ 4,950,000
\$2,975,000 building and site bond due in annual installments of	
\$235,000 to \$375,000 through May 1, 2016, interest at 3.5% to 4.5%	<u>2,220,000</u>
	<u>\$ 7,170,000</u>

BUENA VISTA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ended June 30,	Principal	Interest	Total
2009	\$ 885,000	\$ 248,150	\$ 1,133,150
2010	910,000	220,276	1,130,276
2011	940,000	191,626	1,131,626
2012	970,000	160,780	1,130,780
2013	1,000,000	127,056	1,127,056
2014-2016	<u>2,465,000</u>	<u>164,364</u>	<u>2,629,364</u>
Totals	<u>\$ 7,170,000</u>	<u>\$ 1,112,252</u>	<u>\$ 8,282,252</u>

The general obligation bonds are payable from the Debt Service Funds. As of year end, the fund had a balance of \$472,996 to pay this debt. Future debt and interest will be payable from future tax levies.

Other bonds consist of the following:

\$387,119 Durant Refunding serial bonds due
in annual installments through May 15, 2013;
interest at 4.76% due annually \$ 228,580

These bond obligations issued by PA 142 are payable solely from and are secured solely by an assignment by the District of certain categorical State School Aid payments. The State Legislature has no obligation to make such appropriations. In the event the Legislature fails to appropriate funds, the District is under no obligation for repayment of the debt obligation issued by PA 142.

Future principal and interest requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2009	\$ 131,650	\$ 51,001	\$ 182,651
2010	22,569	4,615	27,184
2011	23,644	3,541	27,185
2012	24,769	2,415	27,184
2013	<u>25,948</u>	<u>1,235</u>	<u>27,183</u>
Totals	<u>\$ 228,580</u>	<u>\$ 62,807</u>	<u>\$ 291,387</u>

BUENA VISTA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Defeased Debt

In prior years, the District has defeased various bonds issued by creating separate irrevocable trust funds. New debt has been issued and the net proceeds of each refunding were placed in separate special escrow accounts and invested in securities of the U.S. government and its agencies. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the refunded bonds are considered to be defeased. Accordingly, the trust account assets and liability for the defeased bonds are not included in the District's financial statements.

The final payment date is May 1, 2016. As of year end, the amount of defeased debt outstanding but removed from the District's financial statements is as follows:

1993 Issue Refunded	<u>\$ 5,300,000</u>
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E. Commitments and Contingencies

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year ended December 31, 2008.

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District's attorneys, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

F. Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes	\$ 81,261	\$ -
Long-term Durant receivable	228,580	-
Grant and categorical aid payments received prior to meeting all eligibility requirements	-	277,997
Total	<u>\$ 309,841</u>	<u>\$ 277,997</u>

BUENA VISTA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

G. State Aid Anticipation Note

The District issues state aid anticipation notes in advance of state aid collections, depositing the proceeds in the General Fund. These notes are necessary because the District receives state aid from October through the following August for its fiscal year ending June 30th.

Short-term debt activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Proceeds</u>	<u>Repayments</u>	<u>Ending Balance</u>
State aid anticipation note	<u>\$ 1,730,000</u>	<u>\$ 2,000,000</u>	<u>\$ 1,730,000</u>	<u>\$2,000,000</u>

IV. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) and certain medical benefits provided to employees.

The District participates in a Municipal Risk Retention Pool Program through the Middle Cities Risk Management Trust. This program provides substantially all the insurance needs of the District, including property, general liability, automobile and umbrella. The contributions made by the District fund the program at rates predicated on expected losses, excess insurance premium contribution and administration costs, including appropriate state assessment. The possibility of additional claims exists but the amount of liability to the District would be immaterial by the time the aggregate stop-loss coverage is triggered. There also is a possibility of a refund due to the District. Therefore, neither contingent liabilities nor assets have been recognized on the District's financial statements.

The District is self-insured for health, vision and dental benefits paid on behalf of its employees. Payments are made to the insurance administrator each week based on actual claims and administration fees. The plan provides a stop-loss provision of \$75,000 per employee for health and vision. Dental coverage is limited to \$1,000 per employee per year.

BUENA VISTA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Changes in estimated liabilities for claims for health and vision benefits for 2008 and 2007 are as follows:

	<u>2008</u>	<u>2007</u>
Estimated liability at the beginning of the year	\$ 159,000	\$ 152,000
Estimated claims incurred		
Including changes in estimates	1,095,208	962,817
Claim payments	<u>(1,075,035)</u>	<u>(955,817)</u>
Estimated liability end of year	<u>\$ 179,173</u>	<u>\$ 159,000</u>

The District's dental insurance plan provides for a dental premium stabilization fund of premiums paid in excess of claims and administration fees. The District has recognized the balance at year end of \$6,144, as a liability in the general fund.

The District has purchased commercial insurance for workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three fiscal years.

The District is subject to the Michigan Employment Security Act and has elected to pay unemployment claims on a direct self-insured basis. Under this method, the District must reimburse the Employment Commission for all benefits charged against the District. The District had \$60,363 of unemployment compensation expense for the year, which is recorded as a General Fund liability.

B. Property Taxes

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2008, the rates are as follows per \$1,000 of assessed value.

General Fund	
Nonhomestead	18.00
Debt Service Funds	
Homestead	5.4530
Nonhomestead	5.4530

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the District's boundaries. 100% of the District's tax roll lies within the County of Saginaw.

BUENA VISTA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by the County of Saginaw and remitted to the District by May 15.

C. Defined Benefit Pension Plan

Plan Description

The District has a defined benefit pension plan covering substantially all employees. The plan is operated by the State of Michigan's Public School Employees Retirement System (MPERS), which is a cost-sharing public employee retirement system (PERS). The pension plan provides retirement, survivor and disability benefits to plan members and their beneficiaries.

MPERS operates within the Michigan Department of Management and Budget, Office of Retirement Systems who has the authority to establish and amend benefit provisions. The Michigan Department of Management and Budget issues a publicly available financial report that includes financial statements and required supplementary information of MPERS. That report may be obtained by writing Office of Retirement Services, P.O. Box 30171, Lansing, Michigan 48909-7671 or calling 800-381-5111.

Funding Policy

The District is required by State statute to contribute to MPERS an actuarially determined percentage of payroll for all participating employees. Additionally, employees participating in the Member Investment Plan contributed 3% to 4.3% of their covered wages through payroll deduction. In addition to retirement benefits, a portion of the total MPERS contribution is allocated to cover health, dental and vision benefits.

The current rate is 16.72% of annual covered payroll. The contribution requirements of plan members and the District are established by Michigan State statute and may be amended only by action of the State Legislature. The District's contributions to MPERS for the years ended June 30, 2008, 2007, and 2006, were \$1,173,859, \$1,260,717, and \$1,230,497, respectively, equal to the required contributions for each year.

Other Post Employment Benefits

In addition to the pension benefits described above, the District provides post-retirement health care, dental, and vision benefits for retirees and beneficiaries through Michigan Public School Employees Retirement System (MPERS). Expenditures for these benefits are recognized on a cash disbursement basis.

BUENA VISTA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

D. Sinking Funds

The Capital Projects Fund records capital project activities funded with a sinking fund millage. For this fund, the District has complied with the applicable provisions of §1212(1) of the Revised School Code and the applicable section of the Revised Bulletin for School District Audits of Bonded Construction Funds and of Sinking Funds in Michigan.

E. Subsequent Events

Subsequent to June 30, 2008, the District has paid the balance of the \$2,000,000 principal and accrued interest on the short-term state aid anticipation note borrowed in August 2007 and has subsequently borrowed \$1,900,000 in short-term state aid anticipation notes through the Michigan Municipal Bond Authority. Proceeds from the borrowing will be distributed to the District in August 2008.

F. Restatements

During the year ended June 30, 2008, a prior period adjustment was recorded to record the long-term receivable associated with the Durant Bonds outstanding. Because of the long-term nature of the receivable, the balance would be deferred in the Debt Service Fund. However, on the government-wide statements, which are presented on the full accrual method of accounting, the entire receivable would be recognized. Thus, the net assets of the governmental activities have been restated.

Net assets, as previously reported	\$ 3,665,737
Adjustment to record long-term receivable	<u>228,580</u>
Net assets, as restated	<u>\$ 3,894,317</u>

* * * * *

**COMBINING and INDIVIDUAL FUND
FINANCIAL STATEMENTS**

Buena Vista School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008

	<u>Special Revenue Funds</u>		
	<u>Food</u>	<u>Athletics</u>	<u>Totals</u>
	<u>Services</u>		
Assets			
Cash	\$ 116,675	\$ 33,545	\$ 150,220
Accounts receivable	76,297	-	76,297
Due from other funds	2,516	-	2,516
Inventory	8,787	-	8,787
Total assets	<u>\$ 204,275</u>	<u>\$ 33,545</u>	<u>\$ 237,820</u>
Liabilities and fund balances			
Liabilities			
Accounts payable	\$ 19	\$ 300	\$ 319
Due to other funds	204,256	33,245	237,501
Total liabilities	204,275	33,545	237,820
Fund balances			
Unreserved, undesignated	-	-	-
Total liabilities and fund balances	<u>\$ 204,275</u>	<u>\$ 33,545</u>	<u>\$ 237,820</u>

Buena Vista School District
Combining Statement of Revenue, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2008

	Special Revenue Funds		
	Food Services	Athletics	Totals
Revenue			
Local sources	\$ 88,232	\$ 14,078	\$ 102,310
State sources	12,633	-	12,633
Federal sources	422,692	-	422,692
Total revenue	523,557	14,078	537,635
Expenditures			
Food services	510,334	-	510,334
Athletic activities	-	147,293	147,293
Total expenditures	510,334	147,293	657,627
Revenue over (under) expenditures	13,223	(133,215)	(119,992)
Other financing sources			
Transfers in	8,560	133,215	141,775
Transfers out	(29,475)	-	(29,475)
Total other financing sources (uses)	(20,915)	133,215	112,300
Net change in fund balance	(7,692)	-	(7,692)
Fund balance, beginning of year	7,692	-	7,692
Fund balance, end of year	\$ -	\$ -	\$ -

Buena Vista School District
Other Supplemental Information
Fiduciary Funds
Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2008

	Balance June 30, 2007	Increase / (Decrease)	Balance June 30, 2008
Assets			
Cash and cash equivalents	\$ 35,287	\$ (4,925)	\$ 30,362
Liabilities			
Accounts payable	\$ -	\$ 706	\$ 706
Due to student groups			
Administration	12,984	5,648	18,632
Buena Vista High School	12,607	(8,863)	3,744
Ricker Middle School	7,153	(2,223)	4,930
Henry A. Doerr Elementary School	706	(121)	585
Charles F. Brunkow School	1,287	(72)	1,215
Archer A. Claytor Elementary School	550	-	550
Total liabilities	\$ 35,287	\$ (4,925)	\$ 30,362

Buena Vista School District
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
For the Year Ended June 30, 2008

Year Ending June 30,	Durant Bonds	2003 Issue	2005 Issue	Total
2009	\$ 131,650	\$ 620,000	\$ 265,000	\$ 1,016,650
2010	22,569	640,000	270,000	932,569
2011	23,644	685,000	255,000	963,644
2012	24,769	725,000	245,000	994,769
2013	25,948	750,000	250,000	1,025,948
2014	-	775,000	260,000	1,035,000
2015	-	755,000	300,000	1,055,000
2016	-	-	375,000	375,000
Total	<u>\$ 228,580</u>	<u>\$ 4,950,000</u>	<u>\$ 2,220,000</u>	<u>\$ 7,398,580</u>
Principal payments due	May	May	May	
Interest payments due	May and November	May and November	May and November	
Interest rate	4.76%	2.00% - 3.60%	3.50% - 4.50%	
Original issue	<u>\$ 387,119</u>	<u>\$ 5,870,000</u>	<u>\$ 2,975,000</u>	

**REPORT ON EXPENDITURES
OF FEDERAL AWARDS
BUENA VISTA SCHOOL DISTRICT
YEAR ENDED JUNE 30, 2008**



REHMANN ROBSON

Certified Public Accountants

BUENA VISTA SCHOOL DISTRICT
REPORT ON EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED June 30, 2008
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

October 30, 2008

Members of the Board of Education
Buena Vista School District
Saginaw, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of ***Buena Vista School District*** as of and for the year ended June 30, 2008, and have issued our report thereon dated October 30, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States

Internal Control Over Financial Reporting

In planning and performing our audit, we considered ***Buena Vista School District's*** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ***Buena Vista School District's*** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of ***Buena Vista School District's*** internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects ***Buena Vista School District's*** ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of ***Buena Vista School District's*** financial statements that is more than inconsequential will not be prevented or detected by ***Buena Vista School District's*** internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by ***Buena Vista School District's*** internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as identified above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether ***Buena Vista School District's*** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of ***Buena Vista School District*** in a separate letter dated October 30, 2008.

This report is intended solely for the information and use of the Board of Education, management, others within the organization, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style.



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

October 30, 2008

To the Board of Education
Saginaw, Michigan

Compliance

We have audited the compliance of *Buena Vista School District* with the types of compliance requirements described in the *U.S. Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. *Buena Vista School Districts'* major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of *Buena Vista School Districts'* management. Our responsibility is to express an opinion on *Buena Vista School Districts'* compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about *Buena Vista School Districts'* compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on *Buena Vista School Districts'* compliance with those requirements.

In our opinion, *Buena Vista School District* complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended October 30, 2008.

Internal Control Over Compliance

The management of *Buena Vista School District* is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered *Buena Vista School District's* internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the District's internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of *Buena Vista School District*, as of and for the year ended June 30, 2008, and have issued our report thereon dated October 30, 2008. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise *Buena Vista School District's* basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not required as part of the financial statements of *Buena Vista School District*. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Education, management, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive style with a large, prominent 'L' and 'J'.

Buena Vista School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

Federal Grantor Pass-Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Amount	Accrued (Deferred) Revenue July 1, 2007	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts	Adjustments	Accrued (Deferred) Revenue June 30, 2008
U.S. Department of Agriculture								
Nutrition Cluster								
Passed through Michigan Department of Education								
071970 National School Breakfast	10.553	\$ 12,700	\$ 17,442	\$ 90,770	\$ 12,700	\$ 30,142	\$ -	\$ -
081970 National School Breakfast		84,884	-	-	84,884	65,317	-	19,567
			17,442	90,770	97,584	95,459	-	19,567
National School Lunch Program	10.555							
071950 Section 4 - Total Servings		3,564	5,108	26,404	3,564	8,672	-	-
081950 Section 4 - Total Servings		24,586	-	-	24,586	23,728	-	858
071960 Section 11 - Free and Reduced		29,944	40,606	208,962	29,944	70,550	-	-
081960 Section 11 - Free and Reduced		214,070	-	-	214,070	167,358	-	46,712
071980 National School Lunch Snacks			465	1,366	-	465	-	-
			46,179	236,732	272,164	270,773	-	47,570
Child Care Food Program	10.558							
071920 CCFP Meals		299	-	-	299	299	-	-
071910 Cash In Lieu Commodities		23	-	-	23	23	-	-
081920 CCFP Meals		8,908	-	-	8,908	7,534	-	1,374
081910 Cash In Lieu Commodities		676	-	-	676	572	-	104
			-	-	9,906	8,428	-	1,478
Summer Feeding Program								
070900 Section 4 - Total Servings	10.559	13,429	-	28,991	13,429	13,429	-	-
071900 Section 4 - Total Servings		1,381	-	2,985	1,381	1,381	-	-
			-	31,976	14,810	14,810	-	-
Total Nutrition Cluster			63,621	359,478	394,464	389,470	-	68,615
Passed through Michigan Department of Education								
Food Distributions								
Commodities - Entitlement	10.550	27,771	-	17,894	27,771	27,771	-	-
Commodities - Bonus		457	-	992	457	457	-	-
			-	18,886	28,228	28,228	-	-
Total U.S. Department of Agriculture			63,621	414,733	422,692	417,698	-	68,615
U.S. Department of Education								
Passed through Michigan Department of Education								
051550 0506 Title I - 2% School Improvement	84.010	120,000	1,458	27,402	(1,458)	-	-	-
081550 0708 Title I - 2% School Improvement		43,546	-	-	24,141	-	-	24,141
					-			
061530 0405 Title I Basic C/O		132,420	67,767	132,420	-	67,767	-	-
071530 0607 Title I Basic		834,354	239,127	567,306	138,659	377,786	-	-
081530 0708 Title I Basic		987,472	-	-	852,976	592,685	-	260,291
081520 0708 Title I Schoolwide Planning		3,000	-	-	1,677	2,911	-	(1,234)
					-			-
071700 0607 Title I Part D Neg & D		121,134	20,997	112,158	8,976	29,973	-	-
071700 0607 Title I Part D Neg & D C/O		18,294	2,565	18,294	-	2,565	-	-
081700 0708 Title I Part D Neg & D		132,692	-	-	113,960	95,101	-	18,859
Total Title I Cluster			331,914	857,580	1,138,931	1,168,788	-	302,057

Buena Vista School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

Federal Grantor Pass-Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Amount	Accrued (Deferred) Revenue July 1, 2007	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts	Adjustments	Accrued (Deferred) Revenue June 30, 2008
U.S. Department of Education Special Education Cluster Passed through Saginaw Intermediate School District	84.027	\$ 269,219	\$ 269,219	\$ 269,219	\$ -	\$ 269,219	\$ -	\$ -
070450-0607 IDEA Flowthrough - special education		253,632	-	-	253,632	180,231	-	73,401
080450-0708 IDEA Flowthrough - special education			269,219	269,219	253,632	449,450	-	73,401
Passed through Saginaw Intermediate School District Service Provider	84.173	573	573	573	-	573	-	-
IDEA Preschool Grant		4,125	4,125	4,125	-	4,125	-	-
IDEA Preschool Grant		5,919	-	-	5,919	4,187	-	1,732
			4,698	4,698	5,919	8,885	-	1,732
Total Special Education Cluster			273,917	273,917	259,551	458,335	-	75,133
Passed through Saginaw Intermediate School District 082860-0708 Drug Free School And Communities	84.186	10,410	-	-	5,818	5,818	-	-
Passed through Michigan Department of Education 072110 04022 21ST Century Grant	84.287	214,930	34,993	214,930	-	34,993	-	-
082110 04022 21ST Century Grant		214,930	-	-	214,930	177,435	-	37,495
			34,993	214,930	214,930	212,428	-	37,495
Passed through Michigan Department of Education 070250-0607 Title V LEA	84.298	5,211	-	5,211	(1)	(1)	-	-
080250-0708 Title V LEA		4,415	-	-	4,415	4,415	-	-
			-	5,211	4,414	4,414	-	-
Passed through Michigan Department of Education 074290 0607 Ed Tech - Formula Grants	84.318	8,565	3,385	8,565	-	3,385	-	-
084290 0708 Ed Tech - Formula Grants		8,327	-	-	2,102	2,102	-	-
			3,385	8,565	2,102	5,487	-	-
Passed through Michigan Department of Education 051870 0506 Comprehensive School reform	84.332	81,064	(20,571)	-	-	(20,571)	-	-
061870 0607 Comprehensive School reform		112,000	427	85,534	16,870	17,297	-	-
			(20,144)	85,534	16,870	(3,274)	-	-
Passed through Michigan Department of Education 062930 0506 Reading First State Grants	84.357	291,750	-	86,154	-	11,520	-	(11,520)
072930 0607 Reading First State Grants		273,100	130,471	273,099	(4,565)	125,906	-	-
			130,471	359,253	(4,565)	137,426	-	(11,520)

Buena Vista School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

Federal Grantor Pass-Through Grantor Program Title Grant Number	Federal CFDA Number	Approved Grant Amount	Accrued (Deferred) Revenue July 1, 2007	(Memo Only) Prior Year Expenditures	Current Year Expenditures	Current Year Receipts	Adjustments	Accrued (Deferred) Revenue June 30, 2008
Passed through Michigan Department of Education 070520 0607 Title IIA, Teacher Qlty Form	84.367	\$ 194,668	\$ 47,597	\$ 143,361	\$ 3,031	\$ 50,628	\$ -	\$ -
070520 0607 Title IIA, Teacher Qlty Form		136,811	-	-	74,356	69,169	-	5,187
			<u>47,597</u>	<u>143,361</u>	<u>77,387</u>	<u>119,797</u>	<u>-</u>	<u>5,187</u>
Total U.S. Department of Education			<u>802,133</u>	<u>1,948,351</u>	<u>1,709,620</u>	<u>2,103,401</u>	<u>-</u>	<u>408,352</u>
U.S. Department of Health and Human Services Passed through Saginaw Intermediate School District Medicaid Outreach	93.778	1,514	<u>457</u>	<u>415</u>	<u>3,755</u>	<u>4,212</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>457</u>	<u>415</u>	<u>3,755</u>	<u>4,212</u>	<u>-</u>	<u>-</u>
Total			<u>\$ 866,211</u>	<u>\$2,363,499</u>	<u>\$ 2,141,885</u>	<u>\$ 2,531,129</u>	<u>\$ -</u>	<u>\$ 476,967</u>

BUENA VISTA SCHOOL DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS

FOR THE YEAR ENDED June 30, 2008

- 1) The accounting policies used in preparing this schedule conform to the generally accepted accounting principles applicable to governments. The District utilized the modified accrual basis of accounting in preparing this schedule.
- 2) Expenditures in this schedule are in agreement with amounts reported in the financial statements and the financial reports submitted to MDE.
- 3) The amount reported on the R71720 (Grant Section Auditor's Report) reconcile with this schedule.
- 4) The amounts reported on the Recipient Entitlement Balance Report ("PAL") agree with this schedule for USDA donated food commodities and are reported in the cash receipt column. Spoilage or pilferage, if any, is included in expenditures.

BUENA VISTA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED June 30, 2008

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: *Unqualified on
financial statements*

Internal controls over financial reporting:
Material weakness(es) identified? _____yes X no
Significant deficiencies identified not
considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial
statements noted? _____ yes X no

Federal Awards

Internal Control over major programs:
Material weakness(es) identified? _____ yes X no
Significant deficiencies identified not
considered to be material weaknesses? _____ yes X none reported

Type of auditor's report issued on compliance
for major programs: *Unqualified*

Any audit findings disclosed that are required to
be reported in accordance with Circular A-133,
Section 510(a)? _____ yes X no

Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I
Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	<u> X </u> yes _____ no

BUENA VISTA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED June 30, 2008

SECTION II – FINANCIAL STATEMENT FINDINGS

None.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

SECTION IV –SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Finding 07-01- Comprehensive School Reform (84.332)- Grant number 051870 0506

Specific requirement: Michigan Department of Education requires that grant funds be properly accounted for in the District records and all grant requests should be supported by appropriate expenditures.

Condition: Buena Vista School District over requested on the Comprehensive School Reform final expenditure report by \$20,571 during the current year.

Questioned Costs: \$20,571 of unspent grant funds.

Cause/Effect: The same general ledger account sequence was used by the District for all the Comprehensive School Reform grants causing the supporting expenditure detail for the final expenditure report to be inaccurate during the current year.

Recommendation: Buena Vista School District should set up a new general ledger account sequence for each grant award to prevent future inaccurate reporting. Additionally, Buena Vista School District should contact the appropriate grant authorities to correct the issue and return the unspent funds.

Status: This matter has been corrected for the year ended June 30, 2008.